

Assembly Concurrent Resolution

No. 6

Introduced by Assembly Member Koretz

January 11, 2005

Assembly Concurrent Resolution No. 6— Relative to Financial Literacy Month.

LEGISLATIVE COUNSEL'S DIGEST

ACR 6, as introduced, Koretz. Financial literacy education.

This measure would declare the month of April 2005 as Financial Literacy Month, in order to raise public awareness about the need for increased financial literacy.

Fiscal committee: no.

- 1 WHEREAS, Californians' total personal income is 60 percent
2 higher than any other state and accounts for 13 percent of all
3 personal income in the United States; and
4 WHEREAS, During the past two decades the proportion of
5 households with outstanding debt has risen dramatically, and this
6 increase has been the greatest for the bottom 40 percent of the
7 income distribution; and
8 WHEREAS, Sixty percent of American households carry
9 forward some portion of their credit card debt every month, with
10 an average balance of more than \$4,000, and 20 percent of
11 families with an annual income below \$50,000 spend close to
12 one-half of their net income on debt payments; and
13 WHEREAS, Seventy percent of American households are
14 living paycheck to paycheck; and
15 WHEREAS, More than 75 percent of all college students have
16 at least one credit card with an average debt of almost \$3,000,

1 and some university administrators state that more students drop
2 out due to credit card debt rather than to academic failure; and

3 WHEREAS, More young adults filed for bankruptcy than
4 graduated from college in 2001, and personal bankruptcy filings
5 increased in 2003 to 1.7 million, with personal nonbusiness
6 bankruptcies accounting for 97.6 percent of all bankruptcy cases,
7 thereby contributing to an alarming decade-long increase in
8 personal bankruptcies of more than 70 percent; and

9 WHEREAS, Approximately 15 percent of workers in the
10 United States report they are experiencing stress from financial
11 problems that negatively impacts their productivity on the job,
12 more than one-third of the workforce reports that financial
13 worries sometimes hamper job performance, and 34 percent of
14 workers rate their financial stress as high to extreme, while 54
15 percent worry about the amount they owe; and

16 WHEREAS, The net worth of the average middle-class
17 American household, excluding equity in a house, is less than
18 \$15,000; and

19 WHEREAS, The average life expectancy in the United States
20 recently reached a record high of 74.1 years for men and 79.5
21 years for women, 25 percent of women currently retire on an
22 income below the poverty level, and over the next 40 years the
23 number of women over 85 is expected to triple; and

24 WHEREAS, The United States reportedly has the lowest
25 individual savings rate in the industrialized world, almost
26 one-half of all workers have accumulated less than \$50,000 for
27 their retirement, and one-third have saved less than \$10,000; and

28 WHEREAS, Nearly 40 percent of older Baby Boomers are not
29 confident about a secure retirement that is predicted to last up to
30 35 years; and

31 WHEREAS, More older Americans will be confronted with
32 the inadequate funding of a much longer retirement, and are
33 going to be relying on second careers, family contributions,
34 charity, or government programs to subsidize retirement
35 programs and savings; and

36 WHEREAS, High school seniors taking part in a national
37 survey of financial knowledge scored an average of 50.2 percent,
38 a failing grade, continuing a declining trend in scores since 1977;
39 and

1 WHEREAS, Increasing the financial literacy of all economic
2 and ethnic groups has proven successful in improving attitudes,
3 leading to improved decisionmaking, and providing a more
4 secure future for individuals who have been educated in financial
5 literacy and their families; and

6 WHEREAS, Financial literacy training may easily be
7 integrated as a valuable component for elementary and secondary
8 schools, colleges and universities, community groups, and citizen
9 town hall meetings; and

10 WHEREAS, Many groups are dedicated to increasing the
11 financial literacy of Americans and a broad range of quality
12 personal finance instructional materials and curricula have been
13 created for this purpose, but the audience to which this
14 information is vital is not being reached; now, therefore, be it

15 *Resolved by the Assembly of the State of California, the Senate*
16 *thereof concurring*, That the Legislature hereby declares the
17 month of April 2005 as Financial Literacy Month, in order to
18 raise public awareness about the need for increased financial
19 literacy; and be it further

20 *Resolved*, That legislators, employers, schools, service groups,
21 community organizations, libraries, financial institutions, and the
22 media, be encouraged to provide opportunities for financial
23 literacy education for all Californians through a variety of means,
24 including collaboration with members of the California Society
25 of Certified Public Accountants, California Jump\$tart Coalition,
26 and others, in order to provide outreach and education; and be it
27 further

28 *Resolved*, That the Chief Clerk of the Assembly transmit
29 copies of this resolution to the author for appropriate distribution.